

Canada - United States  
Inter-Parliamentary Group  
Canadian Section



Groupe interparlementaire  
Canada - États-Unis  
Section canadienne

**Report of the Canadian Parliamentary Delegation  
respecting its participation at the 76<sup>th</sup> Annual Meeting of  
the Southern Governors' Association**

**Canada-United States Inter-Parliamentary Group**

**Birmingham, Alabama, United States of America  
August 27-30, 2010**

# Report

## **DELEGATION MEMBERS AND STAFF**

From August 27-30, 2010, Mr. Rick Dykstra, M.P., Vice-Chair, led a delegation from the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG) to the annual meeting of the Southern Governors' Association (SGA) in Birmingham, Alabama. Other members of the delegation were Mr. Michel Guimond, M.P. and Mr. Dave Van Kesteren, M.P. The delegation was accompanied by Mr. Chad Mariage, IPG Executive Secretary, and Ms. June Dewetering, Senior Advisor to the IPG.

## **THE EVENT**

Founded in 1934, the Southern Governors' Association (SGA) is the oldest of the regional governors' associations and has a long history of promoting the common interests of governors of 16 southern U.S. states (see the Appendix). The SGA provides a bipartisan forum in which to help shape and implement national policy as well as to solve regional problems, improve the quality of life of residents of the U.S. South, and secure an economically vibrant and prosperous American South.

Each year, the SGA holds an annual meeting. Governors Riley (Alabama), Perdue (North Carolina), Barbour (Mississippi), Bredesen (Tennessee), McDonnell (Virginia) and Nixon (Missouri) attended the 2010 annual meeting.

## **DELEGATION OBJECTIVES FOR THE EVENT**

The 16 U.S. states in the SGA and Canada share a mutually beneficial relationship. According to recent figures, of the estimated 8 million U.S. jobs that depend on bilateral trade, more than 3 million jobs in the 16 SGA states rely on Canada-U.S. trade. Bilateral trade was recently valued at more than U.S. \$89 billion: almost U.S. \$45 billion was exported from these 16 states to Canada, while they imported more than U.S. \$44 billion from Canada. Moreover, recent data suggest that, in a one-year period, Canadians made more than 6.5 million visits to these 16 states and spent more than \$4 billion, while residents of these states made more than 1.8 million visits to Canada and spent nearly \$1.2 billion in that same period.

The Canada-United States Inter-Parliamentary Group aims to find points of convergence in respective national policies, to initiate dialogue on points of divergence, to encourage the exchange of information, and to promote better understanding among legislators on shared issues of concern. Members of the Canadian Section of the IPG meet regularly with their federal counterparts and, in recent years, have attended meetings of governors and state legislators as well. At these events, Canadian delegates take the opportunity to engage in conversations that will help achieve the Canadian Section's objectives, and to communicate the nature and scope of the bilateral relationship.

Delegates found the 2010 annual meeting of the SGA to be an important opportunity to speak with governors from the U.S. South, particularly in light of the meeting's focus on the relationship between the U.S. South and China, notwithstanding the fact that Canada is the primary foreign export market for 11 of the 16 SGA states. Delegates informed the governors about Canadian priorities and the nature of the bilateral relationship; in particular, they spoke with Governors Riley and Barbour as well as Perdue

who, as the incoming Chair of the SGA, was urged to include Canada at the meeting next year. In anticipation of involvement at the SGA meeting in 2011, the Canadian Section of the IPG intends to attend the 2011 and future annual meetings of the SGA and to continue its work in advocating Canadian interests.

## **ACTIVITIES DURING THE EVENT**

During the 2010 annual meeting, the SGA held the following plenary sessions:

- Strengthening Economic Ties between China and the American South
- Partnering with Chinese Businesses
- Exploring Trade Opportunities in Targeted Industries
- Overcoming Obstacles to Increased Trade between China and the American South
- The Role of Technology in the American South's Economic Future
- Response to and Recovery From the Gulf Coast Oil Spill
- The Future of the American South – A Conversation about Regional Transition.

In advance of the SGA plenary sessions, the Southern States Energy Board (SSEB) held an Associate Members Meeting. Established in 1960 and expanded in 1978, each of the 16 U.S. states and two territories included in the SSEB are represented by the governor and his or her alternate, and by a legislator from each of the Senate and the House; a federal representative is appointed by the U.S. President. According to its mission statement, the SSEB “enhances economic development and the quality of life in the South.”

This report summarizes the discussions that were held at the SSEB's Associate Members meeting and at the SGA's plenary sessions.

## **SOUTHERN STATES ENERGY BOARD ASSOCIATE MEMBERS MEETING**

### **INTRODUCTION TO STERLING PLANET**

#### **Rick Burkhalter, *Sterling Planet***

- there are three steps to carbon neutrality:
  - energy efficiency – use less energy to get the same or better results at less cost
  - renewable energy – energy from renewable sources contributes to sustainability, carbon neutrality, energy independence and U.S. job creation
  - carbon offsets – after increasing energy efficiency and using renewable energy, what remains of the carbon footprint can be offset
- when a renewable generator produces electricity, two distinct products – electricity and environmental attributes – are created; the electricity is typically sold to a utility, while the environmental attributes are “monetized” through the sale of the renewable energy credits, giving the buyer of the credits the rights to the attributes of the renewable energy
- Americans are increasingly willing to take small steps that collectively make a large difference

## **CLEAN COAL TECHNOLOGY IN THE SOUTH**

### **Randy Eminger, American Coalition for Clean Coal Electricity**

- since 1990, the United States has invested \$90 billion in the development and deployment of clean coal technology
- President Obama created the Interagency Task Force on Carbon Capture and Storage to speed development and deployment
- there should be between 5 and 10 commercial carbon capture and storage demonstration projects operating by 2016
- in the Southern States Energy Board region, there are currently 118 U.S. Department of Energy-funded clean coal technology projects, totalling \$11 billion in federal and private funds
- an important question is: is carbon capture and storage just an illusion, or is it the bonding of America's most abundant fossil fuel and the environmental concerns surrounding it?

## **NATURAL GAS OUTLOOK**

### **Jim Kibler, AGL Resources**

- natural gas shales are a game-changer
- if there is a desire to minimize carbon, there are two options:
  - carbon capture and storage
  - use an energy source that has less carbon
- natural gas is the most efficient source of energy

## **MEETING OF THE SOUTHERN GOVERNORS' ASSOCIATION**

## **STRENGTHENING ECONOMIC TIES BETWEEN CHINA AND THE AMERICAN SOUTH**

### **Zhou Wenzhong, China-U.S. People's Friendship Association**

- a continued China-U.S. relationship will help both countries; it is the most important bilateral relationship in the world
- diplomacy between the United States and China was established in 1979
- China attended the June 2010 meeting of the leaders of G20 nations in Toronto, Canada, during which a meeting was held with President Obama
- China and the U.S. have committed to broadening and deepening the bilateral economic relationship, and have concluded a number of cooperation agreements
- the southern U.S. states have taken a leadership role in advancing a relationship with China
- the U.S. is fourth among foreign investors in China; similarly, China is a major investor in the United States
- in their bilateral relationships, parties must overcome difficulties, such as protectionism

## **Xing Huidong, Zhejiang Provincial People's Association for Friendship with Foreign Countries**

- Zhejiang province is the fastest-growing province in China
- more than 60% of Zhejiang province is forests
- the global financial and economic crisis had a huge impact on Zhejiang province
- the Chinese people know more about the United States than Americans know about China
- when diplomatic ties between the United States and China were established in 1979, the Chinese people were happy

## **PARTNERING WITH CHINESE BUSINESSES**

### **Shariff Kan, Haier American White Goods Group**

- it is important to “think” global but to “be” local; “being local” is an important step in “being global”
- excellence should be the goal, including both during and after a sale is made
- increasingly, companies are paying attention to corporate social responsibility

### **Li Hongxin, Shandong Sun Paper Industry Joint Stock Co. Ltd.**

- China has relatively lower labour costs, good capital resources and a huge market
- the U.S. South has huge natural resources, including trees that are needed for the paper industry
- bilateral trade issues must be resolved; at present, an anti-dumping investigation has been launched by the U.S. in relation to some Chinese paper products

## **EXPLORING TRADE OPPORTUNITIES IN TARGETED INDUSTRIES**

### **Neal Wade, Alabama Development Office**

- cooperation is very important, and can be mutually beneficial

### **Gray Swoope, Mississippi Development Authority**

- it is easy to do business in the U.S. South, since state governments in the region are pro-business, with little red tape, low taxes, low rates of unionization, abundant skilled workers, the support of colleges and universities, etc.
- the automotive industry can have a huge economic impact in communities

### **Maria Haley, Arkansas Economic Development Commission**

- the U.S. South has vast, state-of-the-art distribution networks
- two of the world’s largest shipping companies – FedEx and UPS – are headquartered in the U.S. South
- from the southern U.S. , connections can be made to most markets worldwide

### **Peter Su, Virginia Department of Business Assistance**

- 12 of the 20 largest U.S. ports are located in the U.S. South, and 75% of the U.S. population can be accessed with these ports
- the U.S. South is at the forefront of renewable energy
- in the U.S. South, there is active university-based research and development, with state support for commercialization

### **Matt Kisber, Tennessee Department of Economic and Community Development**

- investments in clean energy are being made, in some cases by private-public partnerships
- the U.S. South has become a leader in clean energy, with feedstock for renewable sources of energy, clean coal, geothermal, tidal, solar, etc.
- the U.S. South needs to address health care delivery challenges
- health care is the fastest-growing industry in terms of job creation
- the U.S. South has more than 20 publicly traded health care companies as well as privately managed health care hospitals
- the U.S. South is involved in the biotechnology industry

### **Keith Crisco, North Carolina Department of Commerce**

- Asia leads the way for the U.S. South in terms of export partners
- China lacks the arable land needed to be self-sufficient in food
- North Carolina has a world-renowned research triangle
- Texas, Florida and North Carolina are among the top 10 biotechnology employers, and biotechnology is successful in all of the 16 states in the Southern Governors' Association
- many of the biotechnology companies in the U.S. South have connections to China
- the keys to success in the biotechnology industry include:
  - skilled labour
  - robust research and development
  - a culture of collaboration and innovation

### **José Pérez-Riera, Puerto Rico Secretary of Economic Development and Commerce**

- the American South is open to investment, including from Asia
- visitors to the U.S. South have many options, including beaches, parks, shopping and ecotourism

## **OVERCOMING OBSTACLES TO INCREASED TRADE BETWEEN CHINA AND THE AMERICAN SOUTH**

### **Honorable Suresh Kumar, United States Department of Commerce**

- President Obama has launched an initiative designed to double U.S. exports over the next 5 years, which he believes will revitalize the United States and create jobs; part of the initiative involves assisting American businesses that want to do business domestically and internationally
- the U.S. needs to increase exports to the 95% of the world's population that lives outside the United States
- the business potential in China is large, and immense possibilities come with increased trade
- the U.S. Department of Commerce connects American businesses to foreign business opportunities, and the Department's largest overseas network is in China
- President Obama believes that Asia is a place where the U.S. could do more trade than anywhere else in the world; China is the second-largest economy in the world, and is the U.S. ' largest-growing trading partner
- U.S. merchandise exports to China have more than quadrupled since 2000
- according to a number of indicators, including trade and foreign direct investment, China is poised to grow immensely
- Asia is home to more than 60% of the world's population
- doing business in China has challenges, including with respect to:
  - tariff and non-tariff barriers to trade
  - intellectual property protection
  - a lack of transportation networks
  - protectionist innovation policies
  - cultural barriers

### **Claire Reade, Office of the United States Trade Representative**

- the Office of the United States Trade Representative (USTR) is the backbone of President Obama's efforts to increase U.S. exports
- the Office of the USTR is responsible for opening markets abroad and ensuring the existence of fair trade rules that are respected by signatory parties
- transparency and communication are very important

### **Erin Ennis, U.S.-China Business Council**

- protectionism must be avoided, including with respect to foreign direct investment
- foreign investment in the United States has multiplier effects, and leads to job creation
- making an initial foreign investment is not the only hurdle; ongoing advice is needed about taxes, regulations, human resources, etc.

## **THE ROLE OF TECHNOLOGY IN THE AMERICAN SOUTH'S ECONOMIC FUTURE**

## **E. Norris Tolson, North Carolina Biotechnology Center**

- creativity and innovation lead to a better quality of life
- North Carolina is making flu vaccines from cell cultures, building devices that will replace pacemakers and end the need for invasive surgery, manufacturing drugs that will be targeted to particular cancers, using stem cells to make bladders, developing new packaging techniques that will mean that foods will not require refrigeration but will stay fresh for more than one year, and learning about the health value of such foods as blueberries and tomatoes
- there is a need to ensure that links among academia, policy makers and the business community are strong, and that research and development is moved from university labs to the business world
- visionary thinking does not happen without an environment that includes an educated workforce; education is a necessary requirement for innovation, and the U.S. needs to have the world's best-educated workforce
- leaders should think big, think long term, invest in it and lead in that direction

## **Pete Ihrig, CGI**

- two “drivers” in the information technology industry are:
  - innovative regions and states that put together attractive “packages” for businesses
  - a pool of bright, flexible young people who want to be part of “the next iPad,” and who want to do so in the place where they grew up
- the United States needs to “tap into” the reservoir of global talent; since workers can live anywhere, the U.S. South must determine how it should attract and retain a talented workforce

## **B. Keith Trent, Duke Energy**

- energy is an enabler for industry, innovation and transformation
- the single greatest achievement in terms of quality of life is electrification
- the least expensive energy is the energy that is not needed; conservation should be a focus

## **Mike Griffin, University of Alabama**

- technology has already re-made the U.S. South
- rural electrification was a game-changer
- the aeronautics sector has always been “big” in the U.S. South; the American South has 6 of the 10 National Aeronautics and Space Administration (NASA) centres and, since California has 3 of the 10 centres, the U.S. South has 6 of the 7 NASA centres that are located outside California
- the entire manned U.S. space flight program is located in the U.S. South
- a nation “stays ahead” by working smarter, harder and faster than other nations
- the current American energy system grew by happenstance; the U.S. should design a system to do what the country wants it to do and have it do so at the least possible cost



- key assets in the U.S. South include:
  - good educational establishments that need to be great, including great research universities
  - the ability to think and act as a largely compatible cultural block
  - a great environment, with green space, clean water, etc.

## **RESPONSE TO AND RECOVERY FROM THE GULF COAST OIL SPILL**

### **Robert Dudley, *BP***

- oil from the Deep Water Horizon stopped flowing into the Gulf of Mexico on 15 July 2010, and the focus is currently on the installation of a new blowout preventer and a relief well along with the static kill
- the “scars” left by Hurricane Katrina in 2005 run deep despite the rebuilding that has occurred
- unlike Hurricane Katrina, the tragedy in the Gulf of Mexico that started on 20 April 2010 is manmade
- in the Gulf of Mexico, many people rely on the water, and they have done so for generations
- an extraordinary team effort has resulted in the progress made to date, although much remains to be done; the private sector, citizens, state governors, state and local agencies, the U.S. Coast Guard, the U.S. Department of Homeland Security, the U.S. Department of the Interior, the U.S. Department of Energy, the U.S. National Oceanic and Atmospheric Administration and the White House, among others, have been involved
- when one is in uncharted territory, things do not always unfold in the expected manner
- to date, BP has installed protective boom, assisted those affected, trained volunteers to deal with wildlife and the oil on the shore, paid claims for damages, financed response costs, engaged with state and local governments to ensure that they are compensated for their losses, etc.
- in the future, BP will fund a research program to investigate the impact of oil and oil dispersants, rehabilitate wildlife, support behavioural health programs and rig workers, etc.
- BP wants to be a part of America’s energy future
- BP knows that all eyes are on the company, that it will take time to earn trust, and that the company will be judged not by its words but by its actions

### **Admiral Thad Allen, United States Coast Guard**

- the resiliency of those who live in the Gulf of Mexico is inspirational; they have a strong connection with the environment, a positive attitude and a view of life from which everyone can learn
- with the onset of the hurricane season, the oil in the Gulf of Mexico may move around
- transition plans are being finalized with states affected by the oil spill, including consideration of how “clean” is “clean”
- the oil spill in the Gulf of Mexico, which began on 20 April 2010, is the first spill of national significance since the Exxon Valdez; for 20 years, the U.S. was without a major oil spill
- the response plan used with the Gulf of Mexico oil spill was based on a tanker incident

- the conditions to contain an oil spill and to recover oil did not exist prior to the oil spill in the Gulf of Mexico; people turned to the experiences in the North Sea, Angola and Africa to see if there were any best practices that could be applied
- there are a variety of challenges and lessons learned:
  - putting the boats “to work” in helping the response led to challenges regarding how to “command and control” thousands of boats
  - responses by air, on the surface and below the surface should be integrated
  - the worst time to evaluate technology and undertake research and development in relation to an oil spill is during the spill
  - transparency of information, satellite images, etc. is important
  - public participation is demanded, and decisions about how best to use volunteers, not-for-profit organizations, etc. are important

### **Kenneth Feinberg, Gulf Coast Claims Facility**

- private claims by employees or businesses are being filed with, and processed by, the Gulf Coast Claims Facility rather than by BP
- the Gulf Coast Claims Facility has no jurisdiction over government claims; these claims, and claims by rig workers, are filed with BP
- the success of the Gulf Coast Claims Facility will be judged on the basis of how quickly the claims are paid; claims reviewers are working 24 hours per day, 7 days per week
- to date, most claims submitted to the Gulf Coast Claims Facility involve lost earnings or profits
- until 23 November 2010, private claimants can request up to 6 months of emergency compensation without waiving any rights; once a final payment is made, rights must be waived
- once a claim is submitted and proven, payments should be made within 48 hours for individuals and 1 week for businesses; in establishing proof, only minimal documentation is being required
- ongoing information will be available about how the claims process is working, with frequent updates posted on the Gulf Coast Claims Facility website
- \$42 million has been set aside to pay real estate brokers and agents in Alabama, Florida, Louisiana, Mississippi and Texas who would not have a legal claim against BP

## **THE FUTURE OF THE AMERICAN SOUTH – A CONVERSATION ABOUT REGIONAL TRANSITION**

### **Wilma Lewis, United States Department of the Interior**

- while the oil spill in the Gulf of Mexico that began on 20 April 2010 was a catastrophic event, positive “lessons learned” will emerge
- a deliberate, thoughtful, inclusive, informed approach is needed as America’s energy future is “mapped”
- the United States needs to reduce its dependence on foreign energy

- a new era began after 20 April 2010; on that day, the illusion that offshore operations are safe with existing regulations and oversight was shattered; appropriate changes are needed to address the new realities
- at the present time, deep-water drilling is suspended until needed reforms are developed and implemented; while we will, in time, “get back to business,” it will not be “business as usual”
- the deep-water-drilling suspension is a temporary “pause with purpose,” while new procedures and measures are put in place; the suspension is a tailored, risk-based approach
- industry and government must make a new commitment to safety

### **Valerie Jarrett, *The White House***

- the U.S. South is tenacious and resilient, with a hopeful spirit
- some people in New Orleans are still virtually homeless; progress continues to be made for those affected by Hurricanes Katrina and Rita, although there is still a long way to go
- Hurricane Katrina did not cause the problem: it exposed the problems of crime, poverty, etc.
- the long-term health of the nation depends on a strong and healthy education system
- with fragile state and federal budgets, it is time to be creative

Respectfully submitted,

Hon. Janis G. Johnson, Senator  
Co-Chair  
Canada-United States  
Inter-Parliamentary Group

Gord Brown, M.P.  
Co-Chair  
Canada-United States  
Inter-Parliamentary Group

## **APPENDIX: A**

### **U.S. STATES IN THE SOUTHERN GOVERNORS' ASSOCIATION**

Alabama

Arkansas

Florida

Georgia

Kentucky

Louisiana

Maryland

Mississippi

Missouri

North Carolina

Oklahoma

South Carolina

Tennessee

Texas

Virginia

West Virginia

## Travel Costs

<b>ASSOCIATION</b>	Canada-United States Inter-Parliamentary Group
<b>ACTIVITY</b>	76 <sup>th</sup> Annual Meeting of the Southern Governors' Association
<b>DESTINATION</b>	Birmingham, Alabama, United States of America
<b>DATES</b>	August 27-30, 2010
<b>DELEGATION</b>	
SENATE	∅
HOUSE OF COMMONS	Mr. Rick Dykstra, M.P., Vice-Chair Mr. Michel Guimond, M.P. Mr. Dave Van Kesteren, M.P.
STAFF	Mr. Chad Mariage, Executive Secretary Ms. June Dewetering, Advisor
<b>TRANSPORTATION</b>	<b>\$4,810.71</b>
<b>ACCOMMODATION</b>	<b>\$3,094.19</b>
<b>HOSPITALITY</b>	<b>\$∅</b>
<b>PER DIEMS</b>	<b>\$808.68</b>
<b>OFFICIAL GIFTS</b>	<b>\$∅</b>
<b>MISCELLANEOUS/REGISTRATION FEES</b>	<b>\$1,369.25</b>
<b>TOTAL</b>	<b>\$10,082.83</b>